Southwark Council
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Audit, Governance and Standards Committee

Tuesday 9 May 2017
7.00 pm
Ground Floor Meeting Room G01A - 160 Tooley Street, London SE1 2QH

Membership	Reserves
Councillor Paul Fleming (Chair)	Councillor Evelyn Akoto
Councillor James Barber (Vice-Chair)	Councillor Dora Dixon-Fyle MBE
Councillor Catherine Dale	Councillor Karl Eastham
Councillor Nick Dolezal	Councillor David Hubber
Councillor Renata Hamvas	Councillor Sarah King
Councillor Hamish McCallum	Councillor Rosie Shimell
Councillor Andy Simmons	Councillor Cleo Soanes

INFORMATION FOR MEMBERS OF THE PUBLIC

Access to information

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Contact

Victoria Foreman on 020 7525 5485 or email: victoria.foreman@southwark.gov.uk

Members of the committee are summoned to attend this meeting
Eleanor Kelly
Chief Executive
Date: 1 May 2017

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Audit, Governance and Standards Committee

Tuesday 9 May 2017
7.00 pm
Ground Floor Meeting Room G01A - 160 Tooley Street, London SE1 2QH

Order of Business

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PART A - OPEN BUSINESS

THE CHAIR WOULD LIKE TO REMIND MEMBERS THAT PRIOR TO THE MEETING THEY HAVE THE OPPORTUNITY TO INFORM OFFICERS OF PARTICULAR AREAS OF INTEREST RELATING TO REPORTS ON THE AGENDA, IN ORDER FOR OFFICERS TO UNDERTAKE PREPARATORY WORK TO ADDRESS MATTERS THAT MAY ARISE DURING DEBATE.

1. **APOLOGIES FOR ABSENCE**

   To receive any apologies for absence.

2. **CONFIRMATION OF VOTING MEMBERS**

   A representative of each political group will confirm the voting members of the committee.

3. **NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT**

   In special circumstances, an item of business may be added to an agenda within five clear days of the meeting.

4. **DISCLOSURE OF INTERESTS AND DISPENSATIONS**

   Members to declare any personal interests and dispensation in respect of any item of business to be considered at this meeting.

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ANY OTHER OPEN BUSINESS AS NOTIFIED AT THE START OF THE MEETING AND ACCEPTED BY THE CHAIR AS URGENT

EXCLUSION OF PRESS AND PUBLIC

The following motion should be moved, seconded and approved if the sub-committee wishes to exclude the press and public to deal with reports revealing exempt information:

"That the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraphs 1-7, Access to Information Procedure rules of the Constitution."

Date: 28 April 2017

Agenda Item 5

Southwark Council
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Audit, Governance and Standards Committee

MINUTES of the OPEN section of the Audit, Governance and Standards Committee held on Monday 27 February 2017 at 7.00 pm at Ground Floor Meeting Room G02C - 160 Tooley Street, London SE1 2QH

PRESENT:	Councillor Paul Fleming (Chair)
	Councillor Catherine Dale
	Councillor Renata Hamvas
	Councillor Andy Simmons
	Mr William Dee (Independent Person – non-voting)
OFFICER SUPPORT:	Doreen Forrester-Brown, Director of Law and Democracy
	Jennifer Seeley, Director of Finance
	Emma Marinos, Director of Modernise
	Jo Anson, Head of Financial Information and Governance
	Shelley Burke, Head of Overview and Scrutiny
	Norman Coombe, Head of Corporate Team (Legal)
	Paul Dossett, Grant Thornton (External Audit)
	Julie Foy, Head of Human Resources
	Maureen McBain, Corporate Risk and Insurance Manager
	Mike Pinder, Head of Anti-Fraud and Internal Audit
	Greg Rubins, BDO (Internal Audit)
	James Thirgood, Grant Thornton (External Audit)
	Victoria Foreman, Constitutional Officer
	Gerald Gohler, Constitutional Officer

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors James Barber, Nick Dolezal and Hamish McCallum. Apologies for lateness were received from Councillor Renata Hamvas.

2. CONFIRMATION OF VOTING MEMBERS

Those members listed as present were confirmed as voting members for the meeting.

3.   NOTIFICATION OF ANY ITEMS OF BUSINESS WHICH THE CHAIR DEEMS URGENT

There were no late items of business.

4.   DISCLOSURE OF INTERESTS AND DISPENSATIONS

There were no declarations of interest or dispensations.

5.   MINUTES

> **RESOLVED:**
>
>> That the minutes of the meeting held on 16 November 2016 be agreed as a correct record and signed by the chair.

6.   GOVERNANCE TOPIC: UPDATE ON HUMAN RESOURCES AND IT

The committee heard from Julie Foy, Head of Human Resources, and Emma Marinos, Director of Modernise. Members asked questions of the officers.

> **RESOLVED:**
>
> 1. That the progress in changes across the human resources and organisation transformation services, the workforce achievements since the last update in February 2016 and plans for the coming year, be noted.
>
> 2. That the update on IT given verbally at the meeting be noted, summarised in writing and circulated to members of the committee by officers.
>
> 3. That further information on management training, including the ILM (Institute of Leadership and Management) course being offered to managers be circulated to the committee by officers.
>
> 4. That representatives of the IT improvement board and the IT shared services board be invited to a future meeting of the committee.

7.   PROGRESS REPORT ON THE WORK OF THE INTERNAL AUDIT AND ANTI-FRAUD TEAMS FOR THE PERIOD 18 OCTOBER TO 31 JANUARY 2017

Officers introduced the report. Members asked questions of the officers.

> **RESOLVED:**
>
> 1. That the progress report on the work of the internal audit and anti-fraud teams for the period 18 October 2016 to 31 January 2017 be noted.
>
> 2. That the background figures which make up the final KPI percentages be included in future reports to the committee.

Audit, Governance and Standards Committee - Monday 27 February 2017

8. **INTERNAL AUDIT PLAN FOR 2017-18 AND UPDATED FIVE YEAR STRATEGY FROM 2017-18 TO 2021-22**

    Officers presented the report. Members asked questions of the officers.

    RESOLVED:

    1. That the draft internal audit plan for 2017-18 and updated five year strategy from 2017-18 to 2021-22 be approved.

    2. That the head of anti-fraud and internal audit hold discussions with the head of human resources on training about setting realistic deadlines, for potential inclusion in the ILM (Institute of Leadership and Management) course.

9. **ANNUAL REPORT TO THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE ON THE COUNCIL'S RISK REGISTER**

    Officers introduced the report. Members asked questions of the officers.

    RESOLVED:

    That the annual report on the council's risk register be noted.

10. **DIGITAL GOVERNANCE AND ENGAGEMENT**

    Officers presented the report. Members asked questions of the officers.

    RESOLVED:

    1. That the work and governance structure of the Digital Governance and Engagement Project Group be noted.

    2. That the link between the Digital Governance and Engagement Project Group and the council's Digital Transformation Programme be noted.

    3. That the identified work streams contained within the Digital Governance and Engagement Project be noted.

    4. That a review of the member training budget to ensure the council receives best value and efficiencies in the delivery of member training be agreed.

    5. That it be noted that Organisation Transformation will work with the group whips, Constitutional Team, Member Services and colleagues across the council to deliver an ongoing member development programme and induction following the 2018 elections, which will maximise digital technology to best meet the needs of members.

    6. That costings for the production of paper agendas be provided to the committee, and at a future date to all members, in order to inform and encourage the take up of paperless working.

Audit, Governance and Standards Committee - Monday 27 February 2017

11. **ANNUAL REPORT ON THE WORK AND PERFORMANCE OF THE AUDIT, GOVERNANCE AND STANDARDS COMMITTEE IN 2016-17**

Officers introduced the report. Members asked questions of officers.

RESOLVED:

1. That the draft self-assessment of good practice at Appendix 1 be agreed.

2. That the authority to appoint members of the civic awards sub-committee by the audit, governance and standards committee be included in the report on the work and performance of the committee 2016-17 and in the work plan for 2017-18.

3. That the report on the work and performance of the committee in 2016-17 be forwarded to all councillors, following circulation to the committee and final agreement of any amendments by the chair.

12. **DRAFT WORK PROGRAMME FOR 2017-18**

Officers presented the report. Members asked questions of officers.

RESOLVED:

1. That the work programme for 2017-18, as set out in Appendix 2, be agreed subject to the following amendments:

   - That a standing item be included on the work plan in order for the committee to monitor budget challenges as required, including processes and governance throughout 2017-18.

   - That the areas of children's and adult's services, particularly learning disability and transitional arrangements, be included on the work plan for 2017-18 as a future theme for governance review or further detailed audit work.

   - That the appointment of members of the civic awards sub-committee by the audit, governance and standards committee be included in the work plan for 2017-18.

   - That continued monitoring of HR, IT and modernisation be included on the work plan for 2017-18.

13. **GRANT THORNTON AUDIT PLANS FOR SOUTHWARK COUNCIL AND SOUTHWARK PENSION FUND AUDITS 2016-17**

Auditors from Grant Thornton introduced the report. Members asked questions of the auditors.

RESOLVED:

That Grant Thornton's audit plans for Southwark Council and for the Southwark pension fund 2016-17 be noted.

Audit, Governance and Standards Committee - Monday 27 February 2017

14. GRANT THORNTON - INFORMING THE AUDIT RISK ASSESSMENT FOR SOUTHWARK COUNCIL AND SOUTHWARK PENSION FUND

Auditors from Grant Thornton presented the report.

RESOLVED:

That Grant Thornton's report on informing the risk assessment for Southwark Council and the pension fund, including the management comments, be noted; the committee had no further comments.

15. GRANT THORNTON CERTIFICATION LETTER - YEAR ENDED 31 MARCH 2016

Auditors from Grant Thornton introduced the report.

RESOLVED:

That Grant Thornton's certification letter be noted.

16. GRANT THORNTON PROGRESS REPORT AND UPDATE YEAR ENDED 31 MARCH 2017

Auditors from Grant Thornton introduced the report. Members asked questions of the auditors.

RESOLVED:

That Grant Thornton's audit update report be noted.

17. REVIEW OF CONTRACT STANDING ORDERS

Officers presented the report. Members asked questions of officers.

RESOLVED:

1. That the proposed revised contract standing orders be noted.

2. That officers ensure that the contracts register records where three quotes have not been obtained, and if not, why, in order for the audit, governance and standards committee to monitor this more effectively.

18. REPORT ON THE OPERATIONAL USE OF THE REGULATION OF INVESTIGATORY POWERS ACT 2000

Officers introduced the report.

RESOLVED:

Audit, Governance and Standards Committee - Monday 27 February 2017

That the information relating to the use of RIPA for the period shown be noted.

19. REPORT ON THE OFFICE OF SURVEILLANCE COMMISSIONERS INSPECTION REPORT

Officers introduced the report.

RESOLVED:

That the contents of the report and its conclusions be noted.

20. REVIEW OF THE COMPLAINTS MADE UNDER THE CODE OF CONDUCT

Officers presented the report. Members asked questions of officers.

RESOLVED:

That the report be noted.

21. UPDATE ON CHIEF AUDIT EXECUTIVE

Officers introduced the report.

Members asked that their thanks to the outgoing head of anti-fraud and internal audit for his contribution to the work of the committee be recorded, and that a further letter of thanks be sent on behalf of the committee.

Members also asked that their thanks to the head of financial information and governance for all her support and work with the committee be recorded.

RESOLVED:

That the change in the council's Chief Audit Executive, effective 20 March 2017, be noted.

22. CONSTITUTIONAL CHANGES - CIVIC AWARDS SUB-COMMITTEE

Officers presented the report.

RESOLVED:

That the recommended changes to the constitution proposed to council assembly by the constitutional steering panel be noted.

The meeting ended at 9.45 pm.

CHAIR:

DATED:

Audit, Governance and Standards Committee - Monday 27 February 2017

Agenda Item 6

Item No. 6.	Classification: Open	Date: 9 May 2017	Meeting Name: Audit, governance and standards committee
Report title:		Review of code of corporate governance	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the audit, governance and standards committee formally adopts the revised code of corporate governance (attached at Appendix 1), subject to any changes it would wish to make.

2. That the audit, governance and standards committee consider the council's governance arrangements as reviewed against the CIPFA/SOLACE 2016 framework for good governance (as set out in Appendix 2) and consider whether there are additional sources of assurance that it would wish to refer to or actions needed.

BACKGROUND INFORMATION

3. The council has had a code of corporate governance since 2008. The code was prepared after consideration of the 'Delivering good governance: framework' guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) and formally adopted by the (then) audit committee. The code has been updated to reflect changes in terminology and there was a review in 2015-16 of its content and format. A revised proposed code was considered by the corporate governance panel in February 2015 and by the cabinet member for finance, management and performance later in 2015 but it was not taken to committee for approval when it became clear that an update CIPFA/Solace framework would be published in the near future.

4. The new framework builds on the previous one, but with an additional emphasis on the attainment of sustainable economic, societal, and environmental outcomes, both in the short to medium term but also in the long term.

5. Following publication of the new framework in 2016, an assessment has been made of the council's governance framework in line with the new seven principles of good governance.

6. The code has also been reviewed and updated to take account of the new framework in light of updated guidance issued by CIPFA/Solace.

KEY ISSUES FOR CONSIDERATION

7. The function of good governance is to ensure that the authority achieves its stated

objectives and outcomes whilst operating in an effective and ethical manner and the purpose of the code of corporate governance is to set out what the council does to ensure that it will meet those objectives.

8. The seven principles of good governance are:

    •   Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

    •   Ensuring openness and comprehensive stakeholder engagement

    •   Defining outcomes in terms of sustainable economic, social, and environmental benefits

    •   Determining the interventions necessary to optimise the achievement of the intended outcomes

    •   Developing the entity's capacity, including the capability of its leadership and the individuals within it

    •   Managing risk and performance through robust internal control and strong public financial management.

9. Consideration has been given as to how the council's governance arrangements are consistent with the principles of good governance and the results of this are set out in Appendix 2. This review of current arrangements confirmed that they are, to varying degrees, consistent with best practice as described in the framework document.

10. Following the review of the council's arrangements against good practice as set out in the framework, the results of this exercise have been reflected in the draft updated code of corporate governance, attached at Appendix 1.

11. The new code builds on the draft revised code referred to in paragraph 3, which was structured to cover the key governance areas of roles and responsibilities, strategy and planning, performance management, managing risk and transparency and accountability, and has been reviewed further to ensure that it reflects the revised principles of good governance. The revised code has been reviewed by the cabinet member for finance, modernisation and performance and has been circulated to the chief officer team. Once the code has been approved by this committee, it will be published on the council's website.

12. The code and governance arrangements will be reviewed on an ongoing basis (and at least annually) and where necessary action plans will be agreed to address any gaps.

Policy implications

13. This report is not considered to have direct policy implications. The proposed revised code sets out the arrangements the council has in place which will help ensure that it will meet its stated objectives and outcomes whilst operating in an effective and ethical manner.

Community impact statement

14. The proposed changes to the code are not considered to have a significant impact on any particular community or group.

Resource implications

15. There are no direct resource implications in this report.

Consultation

16. The views of key officers and the cabinet member for finance, modernisation and performance have been sought.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

17. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix 1	Revised draft code of corporate governance
Appendix 2	Compliance with governance framework April 2017

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Jo Anson, Head of Financial and Information Governance	
Version	Final	
Dated	24 April 2017	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments sought**	**Comments included**
Director of Law and Democracy	N/A	N/A
Strategic Director of Finance and Governance	N/A	N/A
Cabinet Member	Yes	**N/A**
Date final report sent to Constitutional Team		24 April 2017

London Borough of Southwark

Code of Corporate Governance

Introduction

1. Corporate governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, honest and accountable manner. It comprises systems and processes, and cultures and values, by which the authority is directed and controlled and through which we account to, engage with and lead our community.

2. Southwark Council is committed to upholding the highest possible standards of good corporate governance, believing that good governance leads to high standards of management, strong performance, effective use of resources, increased public involvement and trust in the council and ultimately good results.

3. Good governance flows from shared values, culture and behaviour and from systems and structures. This code of corporate governance is a public statement that sets out the framework through which the council meets its commitment to good corporate governance. It is built around seven core principles of good governance, which are:

   - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

   - Ensuring openness and comprehensive stakeholder engagement

   - Defining outcomes in terms of sustainable economic, social, and environmental benefits

   - Determining the interventions necessary to optimise the achievement of the intended outcomes

   - Developing the entity's capacity, including the capability of its leadership and the individuals within it

   - Managing risk and performance through robust internal control and strong public financial management

   - Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

Governance Framework

Roles and responsibilities

4. The constitution is the key governing document for the council. It describes how the business of the council is managed, and states the responsibilities of council members and chief officers.

5. All councillors:

   a) represent their communities and bring their views into the council's decision making process, i.e. become the advocate of and for their communities

   b) deal with individual casework and act as an advocate for constituents in resolving particular concerns or grievances

c) balance different interests identified within the ward and represent the ward as a whole

d) maintain the highest standards of conduct and ethics

e) contribute to the good governance of the area and actively encourage community participation and citizen involvement in decision making functions

f) sit on council assembly.

6. Council assembly has overall responsibility for directing and controlling the organisation and determines the budget and policy framework of the council.

7. The council assembly elects a leader for a term of four years. The leader provides leadership to the borough by setting the strategic direction and key priorities of the council and representing the council in the community and in negotiations with regional and national organisations.

8. The leader appoints any deputy leader and a cabinet of up to nine members, each holding a special portfolio of responsibility, and determines the extent of any delegations to individual cabinet members. The leader may also appoint deputy cabinet members, who may hold responsibility for specific tasks designated by the leader, in consultation with the monitoring officer.

9. The leader and cabinet are responsible for overseeing the executive functions of the council and only make decisions that are within the budget and policy framework.

10. The constitution specifies the roles of the statutory officers:

- the head of paid service – the chief executive – responsible and accountable to the council for all aspects of operational management

- the section 151 officer (chief financial officer) – strategic director of finance and governance – responsible to the council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control

- the monitoring officer – director of law and democracy – responsible to the council for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with

- The scrutiny officer – head of overview and scrutiny – provides guidance and support to members and officers in relation to the overview and scrutiny committee and its subcommittees.

11. Operational responsibility for the implementation of policies is delegated to chief officers and heads of services. Chief officers are responsible for compliance with legislation and the council's own policies and procedures, and develop procedures to ensure compliance within their department. Strategic directors further devolve decision making to divisional service managers and business unit managers through departmental schemes of management

12. The strategic director of finance and governance (s151 officer) produces a scheme of delegation for financial authority and accountability to formally devolve the management of the council's finances within departments to strategic directors.

13. The roles and responsibilities of all employees are specified in formal job descriptions for each position.

14. The member and officer protocol ensures that effective communication and a constructive working relationship exists between members and officers in their respective roles.

15. The corporate governance panel continually reviews the council's governance

arrangements in light of the changing needs of the borough and changes in legislation.

16. The constitutional steering panel reviews the constitution at least annually and proposes any changes to the council assembly for approval.

Strategy and Planning

17. The cabinet develops and promotes a vision for Southwark articulated through the council plan (or equivalent), which will be regularly reviewed and updated according to changing statutory requirements, the evolving social and economic situation, analyses of needs and the performance of the council against its priorities.

18. The council's vision makes clear to all members, staff and the community, to whom we are accountable and for what. It is clearly communicated on the council website, making it universally accessible to residents, service users and key stakeholders.

19. The council places equality and diversity at the heart of its vision, which is described in "Southwark Council's approach to equality: delivering a fairer future for all". The council recognises the disadvantage experienced by some communities and individuals and will evaluate the differential impact of our services and policies to ensure that everyone has the opportunity to thrive and achieve their maximum potential.

20. The council consults with stakeholders in all areas of its business. It welcomes the public's and community's views as part of the constitutional process. The ways within the council for these views to be considered are through consultation processes, attendance at local meetings (e.g. community council meetings) or contact with a local ward councillor. Trades unions are consulted on issues that affect council staff.

21. Southwark has community councils, which provide a forum for consultation with local people and an opportunity for residents to influence how council services are delivered.

22. The council plan describes in detail how we intend to achieve our vision. It defines specific measures through which we will assess the achievements against our priorities.

23. The council plan is developed alongside the medium term resources strategy (MTRS), which combines strategies for finance, procurement, information technology, assets, workforce and the council's relationship with the voluntary sector.

24. Service planning and individual officer work planning are developed from the council plan, with appropriate performance targets agreed at every level.

25. Detailed budgets are aligned to corresponding plans following a robust budget challenge process, which challenges managers to demonstrate efficiency, value for money and achievement of council plan outcomes.

Performance Management

26. The council continually monitors and reviews progress against targets in the council plan throughout the year and reports on these at the year end.

27. The leader, with the cabinet member for finance, modernisation and performance, holds each portfolio holder to account, including discussion and review on a quarterly basis of performance issues within their portfolio. The reviews monitor progress against portfolio targets as agreed through the council plan annually and include discussion of outcomes being delivered, any risks in achievability as well as celebrating success.

28. Regular briefings take place between chief officers, other senior officers and the relevant cabinet member on the totality of portfolio business. These inform, and are informed by, outcomes from the quarterly review process with the leader. Outcomes are reported as part of the annual and other such relevant reports.

29. Departmental level performance is monitored at senior management team (SMT) meetings, with this process cascaded through business units to individual work plans as appropriate.

30. The council monitors feedback from our residents and service users with satisfaction surveys undertaken of residents and service users. These inform future performance and budget planning as appropriate.

31. A complete programme of learning and development is available to officers and members. Senior officers are also expected to keep abreast of developments in their profession.

32. The performance management process helps to identify learning and development needs, which are translated into personal development plans for staff. Members are also offered development opportunities, in line with their own personal development plans.

Managing risk

33. Both council assembly and cabinet meetings are normally open to the public, unless matters are discussed which must be kept confidential for a specific reason. A forward plan of forthcoming key decisions is published on the council's website.

34. Members making decisions are supported by appropriate systems to help ensure that decisions are implemented and that resources are used legally and efficiently. The council provides robust corporate and departmental support to members in policy and decision making, with a reporting framework that helps ensure that members are presented with the appropriate information to make decisions, including the key issues for consideration, reference to relevant sustainability considerations, a community impact statement, and advice on financial and legal implications. All member level decisions are made on the basis of reports and are formally recorded.

35. All decisions of the council are made in accordance with the following principles:

   - the link between strategy and implementation must be maintained

   - decision making generally, whether by individual officers, individual cabinet members or the cabinet collectively, should have reference to the policy framework

   - respect for human rights, law and probity

   - due consultation and the taking of professional advice from officers

   - proportionality (i.e. the action must be proportionate to the desired outcome)

   - a presumption in favour of openness

   - clarity of aims and desired outcomes.

36. The monitoring officer ensures that all decisions made are legal and supports the audit, governance and standards committee in promoting high standards of conduct amongst members.

37. The overview and scrutiny committee and its subcommittees scrutinise decisions made by the cabinet, and those delegated to officers, and review services provided by the council and its partners. The scrutiny officer promotes and supports the council's scrutiny functions.

38. The council maintains an audit, governance and standards committee, which is responsible for monitoring the effective development and operation of corporate governance in the council. It provides independent assurance of the adequacy of the council's governance arrangements, including the risk management framework and the associated control environment, the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, oversight of the financial reporting process and scrutiny of the treasury management strategy and policies.

39. The council's risk management strategy ensures proper management of the risks to the achievement of the council's priorities. All departments have departmental risk champions and the strategic director of finance and governance is the corporate risk champion.

40. All departments, divisions and business units have risk registers and all risks are allocated an owner. Risks are identified at least annually and reviewed at least quarterly by each department.

41. Decision making reports require consideration of risk in terms of current and potential risks over the medium term, including how they will be managed and mitigated.

42. The strategic director of finance and governance provides financial regulations, and detailed finance protocols, procedures, guidance and finance training for managers and staff.

43. Strategic directors maintain an adequate framework of internal controls (e.g. authorisation, reconciliations, separation of duties, etc) within their departments.

44. The council maintains an internal audit service, which provides assurance on the adequacy of the council's internal control and risk management framework.

45. The strategic director of finance and governance, as the council's senior information risk owner, ensures that effective arrangements are in place to manage and share data appropriately.

46. The council is committed to fighting fraud and corruption, whether attempted from inside or outside the authority, and takes appropriate action against the perpetrators. The council maintains an anti-fraud strategy and fraud response plan, supported by fraud awareness training and professional fraud investigations to promote an anti-fraud culture in the organisation.

47. The council maintains a whistleblowing policy to encourage members, staff, contractors and agents to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment. The policy and procedures are published on the council's website and intranet and provide avenues to raise concerns and receive appropriate feedback. Whistleblowers are protected as far as is possible from any reprisals or victimisation if they make the disclosure in an appropriate manner and in good faith. All concerns raised under the whistleblowing policy are recorded by the monitoring officer.

48. Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The monitoring officer ensures that all partnership agreements are fit for purpose and the council's interests are protected.

49. Decisions on service delivery options and contract awards are subject to challenge by senior management teams and by departmental and corporate contract review boards.

Transparency and Accountability

50. The council expects the highest standards of conduct and personal behaviour from

members and staff. These standards are defined and communicated through codes of conduct, which are communicated to members and staff through the council's intranet and as part of induction training.

51. The Localism Act 2011 makes it a duty to promote and maintain high standards of conduct by members of the authority. The council maintains an effective audit, governance and standards committee, which maintains high standards of conduct among elected members and investigates complaints against those who have contravened the code of conduct. It considers reports and advice from the monitoring officer on unlawful expenditure, probity issues, and issues raised under the whistleblowing policy.

52. Both councillors and senior officers make declarations of interests and register gifts and hospitality. The monitoring officer maintains a register of interest for members and makes it available for public inspection.

53. All council meetings are held in public unless there are specific reasons for confidentiality. Meeting agendas are published on the council website in advance of meetings.

54. A forward plan of forthcoming key decisions is published on the council's website and all formal decisions are documented and are based upon a written report recording the criteria, rationale and considerations on which the decisions are based. Decision reports include professional legal and financial advice. and reports for member decisions are published on the council's website at least five days before the decision is to be taken.

55. Minutes of meetings and details of decisions taken are published on the council's website.

56. The council's overview and scrutiny committee and its subcommittees undertake scrutiny of the executive function in a number of ways:

- reviews into individual topics

- "call in" – scrutiny of decisions of the cabinet before they are implemented

- consideration of matters brought forward by individual councillors

- call to account of officers on receipt of a petition of 500 or more signatures.

57. The council maintains a corporate complaints policy in line with Ombudsman guidelines and good practice, which is available on the council's website. The council uses the information gained from complaints to help drive forward improvements and to respond positively to customers' needs and expectations. All lessons learned and service improvements brought about from complaints will be reported through departmental senior management teams.

58. The council publishes on the website an annual report, which provides full analysis of our achievements, activities and performance for the year.

59. The council's financial performance is reported in the annual statement of accounts.

60. In line with its commitment to being an open, accountable and transparent authority, the council publishes a range of information on its website. This includes data on spending; grants to voluntary, community and social enterprise organisations; procurement; land and building assets; social housing asset data; organisational structure and salary details; trade union facility time; parking account and parking spaces and counter fraud work.

61. The council's auditors provide assurance on the council's arrangements for achieving value for money.

CIPFA/SOLACE Framework (2016) for good governance in local government

Review of Southwark Council's governance framework against CIPFA/SOLACE Framework

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APP END IX 2

CIPFA/SOLACE Framework (2016) for good governance in local government

A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the council	Open meetings, consultation process Council assembly meetings / democratic engagement events (e.g. leader's public question time) held around the borough Annual governance statement Codes of conduct for members and officers Induction for new members and staff on expected standard of behaviour Performance management system and appraisals
• Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood (built on the Nolan principles)	Fairer future vision and principles / Council Plan Communicating shared values with members, staff, the community and partners – leader's public question time Joint attendance at induction sessions and roadshows for staff by the leader and chief executive
• Leading by example and using these standard operating principles or values as a framework for decision making and other actions	Decision making practices Declarations of interests made at meetings Conduct at meetings Shared values guide decision making Develop and maintain an effective standards committee function – see terms of reference for audit, governance and

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	standards committee
• Demonstrating, communicating and embedding the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively	Codes of conduct – include requirement to declare interests (evidenced by minutes re members) Member and officer protocol Financial standing orders Contract standing orders Whistleblowing policy Complaints procedure Anti-fraud strategy and fraud and bribery response plan Registers of interest (members and staff) Registers or gifts and hospitality Equality and diversity policy Equality and diversity training Conflicts of interest guidance Induction process
• Seeking to establish, monitor and maintain the council's ethical standards and performance	Codes of conduct – advice to members from monitoring officer Scrutiny of ethical decision making forms integral part of scrutiny members' function Championing ethical compliance at governing body level –

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	e.g. zero tolerance of fraud and bribery
• Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the council's culture and operation	Fairer future vision and principles / Council Plan Fairer Future Procurement Strategy approved June 2016 sets out expectations for ethical corporate behaviour, including consideration of 'blacklisting' activity Member code of conduct
• Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values	Appraisal processes take account of values and ethical behaviour Staff appointments policy Procurement policy
• Ensuring that external providers of services on behalf of the council are required to act with integrity and in compliance with the council's high ethical standards	Partnership frameworks exist on an informal and flexible basis and are governed by agreements, protocols or memoranda of understanding, as appropriate Contracts and grant agreements include requirements in respect of commitment to London Living Wage, Diversity Standard (approved February 2016), Ethical Care Charter Fairer Future Procurement Strategy approved June 2016 sets out expectations for ethical corporate behaviour, including consideration of 'blacklisting' activity
• Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and	Statutory provisions

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
regulations	Statutory guidance is followed Constitution Whistleblowing policy and procedure Role of monitoring officer and legal services
• Creating the conditions to ensure that the statutory officers, other key post holders and members are able to fulfil their responsibilities in accordance with legislative and regulatory requirements	Job descriptions and specifications Learning and development plans Compliance with CIPFA's Statement on the Role of the Chief Financial officer in Local Government (CIPFA, 2015) and CIPFA's Statement on the Role of the Head of internal Audit in Public Services Organisations (CIPFA, 2010) – as confirmed in the annual governance statement Terms of reference Committee support Finance and legal concurrents on decision reports Scheme of delegation and schemes of management
• Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders	Record of legal advice provided by officers is included in concurrents in decision reports
• Dealing with breaches of legal and regulatory provisions effectively	Monitoring officer provisions Record of legal advice provided by officers is included in

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	concurrents in decision reports
	Statutory provisions
	Departments and legal services share the task of looking out for new legislation in their areas and the director of law and democracy in her capacity as monitoring officer issues a regular newsletter which highlights relevant legal matters
	Legal services encourage departments to seek early legal advice on legality of action
• Ensuring corruption and misuse of power are dealt with effectively	Effective anti-fraud and corruption policies and procedures
	Regular reports to audit, governance and standards committee on anti-fraud work

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B Ensuring openness and comprehensive stakeholder engagement

Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Ensuring an open culture through demonstrating, documenting and communicating the council's commitment to openness	The constitution Meetings held in public unless good reasons for confidentiality Publication of data in line with open data requirements, including council tax data Access to information regime Annual report to cabinet, plus regular update on portfolio performance on the website Fairer future vision and council plan
• Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision should be provided	Meetings held in public unless good reasons for confidentiality (reasons are published) Publication of decisions, minutes and reports on council's website Overview and scrutiny committee
• Providing clear reasoning and evidence for decisions in both public records and explanations for stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear	Decision making protocols Report pro-formas Record of professional advice in reaching decisions – record of financial, legal and procurement advice provided by officers is included in concurrents in decision reports Meeting reports show details of advice given

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	Discussion between members and officers on the information needs of members to support decision making
	Agreement on the information that will be provided and timescales
	Calendar of dates for submitting, publishing and distributing timely reports is adhered to
• Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action	The council's Fairer Future vision is informed through outcome of consultation. In turn, the vision's five principles and ten promises set out how the Council will deliver its objectives. The council plan therefore sets the framework for, and is informed by, business plans. Business plans at a service and functional area level highlight how the results of consultation have impacted on forward planning as appropriate
	Regular customer surveys
	Consultation in respect of key decisions and through community councils.
	'Consultation engagement' section on council's website includes a consultation hub, forums section
• Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably	Voluntary and Community Sector Strategy approved November 2016 – co-produced by BCS, council and NHS following extensive 6 month community engagement process
	An external affairs strategy is to be developed

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively	Databases are held by relevant units for specific purposes – e.g. faith groups, business forum, VCS organisations Better Placed Joint Committee (Lambeth, Lewisham & Southwark) with responsibility for joint activities in respect of growth, economic development and skills Safeguarding boards for children and adults in place Partnership memoranda of understanding (MoUs) in place – e.g. Southwark Construction Skills Centre, London South Bank University
• Ensuring that partnerships are based on: - Trust - A shared commitment to change - A culture that promotes and accepts challenge among partners And that the added value of partnership working is explicit	Partnership frameworks exist on an informal and flexible basis and are governed by agreements, protocols or memoranda of understanding, as appropriate
• Establishing a clear policy on the type of issues that the council will meaningfully consult with or involve individual citizens, service users and other stakeholders to ensure that service provision is contributing towards the achievement of intended outcomes	The council's Fairer Future vision is informed through outcome of consultation. In turn, the vision's five principles and ten promises set out how the Council will deliver its objectives. The council plan therefore sets the framework for, and is informed by, business plans. Business plans at a service and functional area level highlight how the results of consultation have impacted on forward planning as appropriate

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	Consultation in respect of key decisions and through community councils.
	'Consultation engagement' section on council's website includes a consultation hub, forums section
• Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement	An external affairs strategy is to be developed
• Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs	An external affairs strategy is to be developed
	Joint strategic needs assessment – the council's approach to its joint strategic needs assessment is under review, but a housing health needs assessment was published in June 2016 of council tenants, to help inform the council's housing strategy. Reports about other strands (e.g. older people, alcohol, learning disability) are also available on the council's website
	Consultation hub on website lists current consultations open and has links to outcomes of closed ones
• Implementing effective feedback mechanisms in order to demonstrate how their views have been taken into account	Reports to cabinet include consultation feedback and feedback on consultation is also published on website which includes a 'You Said We Did' section
	An external affairs strategy is to be developed
	Monitoring and evaluation frameworks in place – e.g.

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	Southwark Works
• Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity	Community Engagement framework sets out principles which aim to ensure wide engagement; monitoring of responses to enable consideration of those not reached Consultation Engagement toolkit is being developed
• Taking account of the interests of future generations of tax payers and service users	Joint strategic needs assessment – the council's approach to its joint strategic needs assessment is under review, but a housing health needs assessment was published in June 2016 of council tenants, to help inform the council's housing strategy. Reports about other strands (e.g. older people, alcohol, learning disability) are also available on the council's website

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C Defining outcomes in terms of sustainable economic, social, and environmental benefits

Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Having a clear vision which is an agreed formal statement of the council's purpose and intended outcomes containing appropriate performance indicators, which provides the basis for the council's overall strategy, planning and other decisions	Fairer Future vision, principles and promises Council plan Departmental / unit business plans Efficiency Plan
• Specifying the intended impact on, or changes for, stakeholders including citizens and service users, over one year or longer	Council plan Community engagement and involvement Budget principles underpin council's budget decisions and seek to limit impact of budget cuts on the most vulnerable
• Delivering defined outcomes on a sustainable basis within the resources that will be available	Annual performance reports Annual statement of accounts
• Identifying and managing risks to the achievement of outcomes	Annual performance reports Risk management strategy All cabinet members have a responsibility to ensure that risk is well managed, with the cabinet member for finance, modernisation and performance having specific accountability for corporate risk management. All departments have departmental risk champions and the strategic director of finance and governance is the corporate risk champion. All

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	departments and business units have risk registers and all risks are allocated an owner.
	Audit, governance and standards committee also reviews risk management arrangements.
• Managing service users expectations effectively with regard to determining priorities and making the best use of the resources available	Community Engagement framework sets out principles which aim to ensure wide engagement; monitoring of responses to enable consideration of those not reached
	Community Engagement toolkit is being developed
	Funded voluntary sector organisations are aware that need to consider other income opportunities which might be available if council funding falls or ceases
• Considering and balancing the combined economic, social and environmental impact of policies, plans and decisions when taking decisions about service provision	Medium term resources strategy
	Capital programme and capital investment strategy
	LGA peer review commended the council on its clear strategy for exploiting economic advantages of land values
	Economic Wellbeing Strategy refreshed December 2016
	Fairer Future Procurement Strategy approved June 2016
	Voluntary and Community Sector Strategy approved November 2016 – co-produced by BCS, council and NHS following extensive 6 month community engagement process
	Efficiency Plan

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Taking a longer term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the council's intended outcomes and short term factors such as the political cycle or financial constraints	Discussion between members and officers on the information needs of members to support decision making Record of decision making and supporting materials – decision making report template includes requirement under policy implications to report on sustainability considerations where relevant
• Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs	Record of decision making and supporting materials – decision making report template includes requirement under policy implications to report on sustainability considerations where relevant Community Engagement framework sets out principles which aim to ensure wide engagement; monitoring of responses to enable consideration of those not reached Community Engagement toolkit is being developed
• Ensuring fair access to services	Fairer Future principles Provision of access to care in line with Care Act 2014 principles, i.e. based on ability to achieve outcomes and how this affects wellbeing Primary and Secondary Access protocols in respect of access to education Protocols ensure fair access and statutory guidance is followed – e.g. procurement decisions require consideration of

Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	economic, social and environmental issues to ensure obligations under Public Services (Social Value) Act 2012 are met.

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D Determining the interventions necessary to optimise the achievement of the intended outcomes

Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and including the risks associated with those options, thereby ensuring best value is achieved however services are provided	Discussions between members and officers on the information needs of members to support decision making Decision making protocols Procurement decisions include consideration of all options and high value/significant procurements require additional pre-procurement strategic assessment Agreement of information that will be provided and timescales
• Considering feedback from citizens and service uses when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts	Medium term resources strategy Fairer Future medium term financial strategy and integrated efficiency plan 2017-18 to 2019-20 approved September 2016 Consultation took place in February 2016 prior to agreeing indicative budget options for 2017-18 and 2018-19; agreed in February 2017 that further consultation to be undertaken for new budget options where necessary/appropriate
• Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets	Calendar of dates for developing and submitting plans and reports that are adhered to
• Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered	An external affairs strategy is to be developed Forward plan of decisions identifies consultees

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Considering and monitoring risks facing each partner when collaboratively including shared risks	Partnership frameworks exist on an informal and flexible basis and are governed by agreements, protocols or memoranda of understanding, as appropriate –
	e.g. Central London Forward Joint Venture Agreement, an agreement between 8 boroughs to work together on matters of sustainable economic development
	Better Placed Joint Committee (Lambeth, Lewisham & Southwark) with responsibility for joint activities in respect of growth, economic development and skills
	Financial standing orders
	Financial regulations
	Health and Wellbeing Board, and Integrated Better Care Fund
• Ensuring arrangements are flexible and agile so that the mechanisms for delivering outputs can be adapted to changing circumstances	Contract arrangements subject to regular review
	Regular review of Medium term resources strategy
	Robust budgeting process
	Refresh of council plan
	Procurement decisions include consideration of all options and high value/significant procurements require additional pre-procurement strategic assessment
	Regular challenge meetings held between Leader and lead cabinet member for each portfolio on performance to provide regular reports on service delivery plans and on progress

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	towards outcome achievement
• Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage	Medium term financial strategy Budget setting - challenge process up to council assembly
• Ensuring the achievement of social value through service planning and commissioning 34	Procurement decisions require consideration of economic, social and environmental issues to ensure obligations under Public Services (Social Value) Act 2012 are met Medium term resources strategy Proposed social value portal to measure social value achieved through the delivery of services under contract

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E Developing the entity's capacity, including the capability of its leadership and the individuals within it

Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Reviewing operations, performance use of assets on a regular basis to ensure their continuing effectiveness	Regular reviews of activities, outputs and planned outcomes Work place strategy approved November 2016 – to improve use of council's offices
• Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how the council's resources are allocated so that outcomes are achieved effectively and efficiently	Utilisation of research and benchmarking exercise? Work place strategy approved November 2016 – to improve use of council's offices
• Recognising the benefits of partnerships and collaborative working where added value can be achieved	LGA peer review in late 2015 Better Placed Joint Committee (Lambeth, Lewisham & Southwark) with responsibility for joint activities in respect of growth, economic development and skills
• Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources	Workforce plan – workforce strategy approved November 2016 Organisational development plan
• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained	Chief executive and leader have considered how best to establish and maintain effective communication Roles described in the Constitution and also in the Member and Officer protocol The relationship between the leader and chief executive is

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	underpinned by the statutory framework relating to the roles of the leader and the head of paid service. Their shared understanding of roles and objectives has been communicated through their joint attendance at induction sessions and roadshows for staff by the leader and chief executive
• Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body	The constitution states what powers are delegated to the cabinet, committees, individual members and what matters are reserved for collective decision of the council. This is updated annually through a review of the constitution Scheme of delegation reviewed at least annually in the light of legal and organisational changes Standing orders and financial regulations which are reviewed on a regular basis
• Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads the council in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and balance for each other's authority	Roles described in the constitution. Responsibilities of chief executive are also included in employment contract/job description. Accountability through the performance management system The relationship between the leader and chief executive is underpinned by the statutory framework relating to the roles of the leader and the head of paid service
• Developing the capabilities of members and senior management to achieve effective shared leadership and to	Members' training and development via support through the learning and development programme

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
enable the council to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: - Ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged - Ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis - Ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external	Performance management for officers which includes personal development plans Cabinet as a whole – cabinet performance review process Individual members – performance challenges with the leader and cabinet member for finance, modernisation and performance Induction for officers and members Membership of professional bodies Corporate learning and development Investors in People accreditation Succession planning Work continues to improve systems and technology used for effective support
• Ensuring that there are structures in place to encourage public participation	Consultations Stakeholders' forums Southwark forums Community Councils Tenants and residents' associations Leaseholder forums and council Consultations with tenants and traders on regeneration

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	projects etc
	Regular customer surveys
	Consultation in respect of key decisions and through community councils.
	'Consultation engagement' section on council's website includes a consultation hub, forums section
• Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections	Cabinet as a whole – cabinet performance review process
	Individual members – performance challenges with the leader and cabinet member for finance, modernisation and performance
	LGA peer review carried out late 2015 and action plan agreed by cabinet in January 2016
• Holding staff to account through regular performance reviews which take account of training or development needs	Job descriptions
	Training and development plan
	Staff development plans linked to appraisals – performance management for officers which includes personal development plans
	Implementing appropriate human policies and ensuring that they are working effectively
• Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in	Human resource policies
	Workforce strategy approved November 2016 includes

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
maintaining their own physical and mental wellbeing	wellbeing outcomes

F Managing risks and performance through robust internal control and strong public financial management

Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making	Risk management strategy All cabinet members have a responsibility to ensure that risk is well managed, with the cabinet member for finance, modernisation and performance having specific accountability for corporate risk management. All departments have departmental risk champions and the strategic director of finance and governance is the corporate risk champion. All departments and business units have risk registers and all risks are allocated an owner Decision making reports require consideration of risk Audit, governance and standards committee also reviews risk management arrangements
• Implementing robust and integrated risk management arrangements and ensuring that they are working effectively	Risk management strategy formally approved and adopted and reviewed and updated on a regular basis
• Ensuring that responsibilities for managing individual risks are clearly allocated	All departments and business units have risk registers and all risks are allocated an owner
• Monitoring service delivery effectively, including planning, specification, execution and independent post implementation review	Council plan sets out key activities and performance measures Service and departmental business plans and performance monitoring reports incorporate benchmarking information

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	where appropriate
	The authority monitors its performance using KPIs. The performance against these is reported to the cabinet in the quarterly performance report and is reflected in the Council Plan. There are also different levels of monitoring below the quarterly cabinet report, which includes local PIs
	Calendar of dates for submitting, publishing and distributing timely reports that are adhered to
	Monitoring and evaluation frameworks in place – e.g. Southwark Works
	Positive feedback received from LGA peer review undertaken in November 2015
	Positive Ofsted inspection March 2017 (formal outcome awaited)
• Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the council's financial, social and environment position and outlook	Discussion between members and officers on the information needs of members to support decision making
	Publication of agenda and minutes of meetings
	Agreement on the information needed and timescales
• Ensuring an effective scrutiny or oversight function is in place which encourages constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the council's performance and that of	Role and responsibility for scrutiny has been established and is clear
	Overview and scrutiny committee and its sub-committees agree work plans each year

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
any organisation for which it is responsible	Agenda and minutes of scrutiny meetings Evidence of improvements as a result of scrutiny Terms of reference Training for members Membership
• Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement	Calendar of dates for submitting, publishing and distributing timely reports that are adhered to Regular challenge meetings held between Leader and lead cabinet member for each portfolio on performance
• Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements)	Financial standards, guidance Financial regulations and standing orders Audit reviews
• Aligning the risk management strategy and policies on internal control with achieving the objectives	Risk management strategy Audit plan Audit reports Effective internal audit function – annual report to audit, governance and standards committee
• Evaluating and monitoring the council's risk management and internal control on a regular basis	Risk management strategy / policy has been formally approved and adopted and is reviewed and updated on a

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	regular basis
	Audit reviews
• Ensuring effective counter fraud and anti-corruption arrangements in place	Compliance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014)
	Appropriate external media communications and coverage at audit, governance and standards committee meetings
• Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor	Annual governance statement
	Effective internal audit service is resourced and maintained – annual report to audit, governance and standards committee
• Ensuring and audit committee which is independent of the executive and accountable to the governing body: - Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment - That its recommendation are listened to and acted upon	Audit, governance and standards committee complies with best practice as defined by CIPFA in terms of terms of reference, membership and training Annual report to council assembly which includes evidence of effectiveness
• Ensuring effective arrangements for the safe collection, storage, use and sharing of data, including processes to safeguard personal data	Data management framework and procedures Designated DP officer DP policies and procedures Information governance and security sub-group of corporate

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	governance panel established late 2016
	Action plan to ensure compliance with requirements of EU General Data Protection Regulation effective from May 2018
• Ensuring effective arrangements when sharing data with other bodies	Data sharing agreements, including processing requirements where appropriate
	Data sharing register
	Action plan to ensure compliance with requirements of EU General Data Protection Regulation effective from May 2018
• Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring	Internal audit reviews include coverage of data quality procedures and reports and data validation procedures where appropriate
• Ensuring financial management supports both long term achievement of outcomes and short term financial and operational performance	Robust financial management framework
	Financial Standing Orders
	Financial Regulations
	Provision of appropriate training to ensure staff have appropriate skills to support the delivery of services and transformational change as well as securing good stewardship
• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risk and controls	Budget monitoring reports
	Audit reviews

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G Implementing good practices in transparency, reporting and audit to deliver effective accountability

Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
• Writing and communicating reports for the public and other stakeholders in an understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate	Website Annual report Council style guide and report templates to ensure consistency and appropriate use of language
• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand	Website Annual report Council complies with Local Government Transparency Code 2015
• Reporting at least annually on performance, value for money and the stewardship of its resources	Annual report Annual financial statements
• Ensuring members and senior management own the results	Appropriate approvals Regular challenge meetings held between Leader and lead cabinet member for each portfolio on performance Enhanced guidance for chief officers on decision making issued autumn 2016
• Ensuring robust arrangements for assessing the extent to which the principles contained in the Framework have been applied and publishing the results on this assessment including	Annual governance statement

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
an action plan for improvement and evidence to demonstrate good governance	
• Ensuring that the Framework is applied to jointly managed or shared service organisations as appropriate	Appropriate provision included in contracts and memoranda of understanding Financial governance arrangements in respect of partnerships require written approval from the chief finance officer Better Placed Joint Committee (Lambeth, Lewisham & Southwark) with responsibility for joint activities in respect of growth, economic development and skills
• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar organisations	Format follows best practice
• Ensuring that recommendations for corrective action made by external audit are acted upon	Recommendations have informed positive improvement Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010) Compliance with Public Sector Internal Audit Standards
• Ensuring an effective internal audit service with direct access to members is in place which provides assurance with regard to governance arrangements and recommendations are acted upon	Recommendations have informed positive improvement Compliance with CIPFA's Statement on the Role of the Head of Internal Audit (2010) Compliance with Public Sector Internal Audit Standards

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Behaviours and actions that demonstrate good governance in practice:	Examples of systems, processes, documentation and other evidence demonstrating compliance
	Effective internal audit function – annual report to audit, governance and standards committee
• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations	Recommendations have informed positive improvement Positive feedback received from LGA peer review undertaken in November 2015 Positive Ofsted inspection March 2017
• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement	Audit reviews Annual governance statement
• Ensuring that when working in partnership, arrangements for accountability are clear and that the need for wider public accountability has been recognised and met	Partnership frameworks exist on an informal and flexible basis and are governed by agreements, protocols or memoranda of understanding, as appropriate

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Agenda Item 7

Item No. 7.	Classification: Open	Date: 9 May 2017	Meeting Name: Audit, governance and standards committee
Report title:		Internal audit and anti-fraud progress report	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATION

1. That the audit, governance and standards committee note the progress report on internal audit and anti-fraud, covering the year from 1 April 2016 to 31 March 2017.

BACKGROUND INFORMATION

2. Internal audit is delivered by a contract. From 1 April 2016 to 30 November 2016 this was delivered by RSM Tenon. From 1 December 2016 this has been delivered by BDO. A progress report is attached as Appendix A to this report.

3. The anti-fraud work is conducted by two teams:

- Anti-fraud services within finance and governance department, which investigates cases involving the council's employees, agents, contractors, anyone else conducting business for or with the council, and members of the public. There are multiple types of fraud this could include, including theft, council tax discount/exemption fraud, significant financial fraud, procurement fraud, grant fraud, national non-domestic rates fraud or evasion, false documents, identities and applications, and immigration offences.

- The special investigation team within housing and modernisation department, which investigates housing tenancy fraud in respect of the housing stock owned and managed by the council and other social housing where legislation directs that a local authority has specific responsibility. This includes cases of unlawful subletting, non-occupation, succession, assignment, mutual exchange, and right to buy.

4. This report is structured:

- Internal audit (paragraphs 5 to 7)

- Reactive Anti-fraud work (paragraphs 8 to 12)

- Proactive work:

  - National Fraud Initiative (paragraphs 13 to 16)

  - Anti-money laundering and right to buy (paragraphs 17 to 18)

  - Fraud and verification (paragraphs 19 to 20)

  - Document scanner (paragraphs 21 to 25)

  - Transparency (paragraph 26).

Internal audit

5. Appendix A is the internal audit progress report from BDO and covers progress made by BDO for work undertaken against the 2016-17 and 2017-18 internal audit plans, as approved previously by the audit, governance and standards committee. It summarises the work BDO have done, together with their assessment of the systems reviewed and the recommendations raised.

6. BDO have completed the audits assigned to BDO for 2016-17, meeting the overarching key performance indicator to issue all draft reports by 31 March 2017.

7. All audit reports are currently in draft report stage awaiting management responses and will be included in the progress report presented to the committee at its meeting on 10 July 2017.

Reactive anti-fraud work

8. The number of referrals received through the council's website, email, fraud hotline and by letter for the two anti-fraud teams between 1 April 2016 and 31 March 2017 was 1,005.

9. The table below, shows the number of cases that have resulted in a successful sanction for each of the two anti-fraud teams between 1 April 2016 and 31 March 2017.

Team	2016-17	2015-16
Anti-fraud services	16	18
Special investigations team	61	55
Total	77	73

10. In addition, housing management has recovered an additional 89 properties, and the special investigations team has undertaken an additional 22 preventative actions, which can include a right to buy being stopped or a tenancy succession claim being cancelled.

Proceeds of Crime Act

11. The Proceeds of Crime Act 2002 (POCA) provides for the confiscation or civil recovery of the proceeds from crime and contains the principal money laundering legislation in the UK. This work acts as an important deterrent to show that crime against the council does not pay.

12. Between 1 April 2016 and 31 March 2017, the courts have recognized that those the council has prosecuted have benefited from their criminal conduct to the value of £837,523. A total of £91,792 has also been received from the proceeds of crime work during this period from available assets.

National Fraud Initiative (NFI)

13. Data for the 2016-17 biennial NFI cycle was released on 26 January 2017. The table below shows the number of matches released, which shows a similar number of matches released with the previous 2014-15 cycle.

Report	Recommended	Total All
Blue badges	395	413
Creditors history, including duplicate records	1,734	7,305
Creditors standing, including duplicate creditors	0	10,233
Council tax reduction scheme (new reports)	101	2,746
Housing benefits	341	3,634
Housing tenants	194	285
Market traders	0	1
Personal budgets	34	83
Pensions	205	292
Payroll	13	129
Right to buy	34	182
Resident parking permit	33	36
Waiting list	727	775
Total	**3,811**	**26,114**

14. As with NFI 2014-15, housing benefit matches that are identified as potential fraud cases will be referred to the DWP.

15. Recommended matches are treated with higher priority as they are considered better quality matches based on matching criteria and risk, and have historically yielded positive results.

16. The council is aiming to complete investigation of all recommended matches by 30 September 2017.

Anti-money laundering and right to buy

17. When a tenant makes a right to buy application they are sent a pack of information, which from 1 May 2016 includes a form to fulfil the council's responsibilities in respect of money laundering. No right to buy application will be processed without the form being completed.

18. The table below shows the outcomes and where cases are referred to the special investigations team or housing benefit service to review

	Number
Total forms issued	298
Forms returned: funded from legitimate sources	110
Forms returned: with concerns	
Applications withdrawn on receipt of the form	8
Withdrawn based on information provided on the form	1
Possible housing benefit fraud	5
Possible tenancy fraud	19

Fraud and verification

19. Two fraud and verification officers within anti-fraud services check the veracity of waiting list and homelessness applications which have raised a cause for concern, and conduct a review to enable housing management to make an informed decision on the applicant's eligibility to remain on the housing register.

20. Between 1 April 2016 and 31 March 2017, 173 waiting list applicants have been recommended for removal from the housing register, with 106 applicants recorded as

recommended as being bona fides. Five homeless applications have been recommended for being removed and two have been recommended as being acceptable.

Document scanner

21. The council uses seven scanners to verify identity documents including passports, ID cards and driving licenses. The scanners are located at the Aylesbury sub-office, Bournemouth Road, Tooley Street, Peckham and Walworth MySouthwark customer service points, Homeowner agency at Market Place, and Southwark Registrars Office.

22. If a document does not pass the scan, it is rescanned, therefore the number of scans will always be higher, or the same as, the number of customers. 2016-17 has seen a 27% increase in scans compared to 2015-16.

23. A score of 10 or more generally indicated a quality issue, and the document would be rescanned. A score of 15 or more indicates significant concerns about the veracity of the document. All of these cases have been checked by the anti-fraud team.

	Customers	Scans	Score of 10-14	Score of 15+	Confirmed false
Aylesbury sub-office/ NRPF	12	18	4	2	0
Housing options	911	1,084	147	37	0
Tooley Street/recruitment	304	581	39	24	0
Peckham service point	523	637	126	21	0
Registrars	1,242	1,655	161	40	0
Specialist housing services	675	841	94	11	0
Walworth service point	664	930	171	41	0
Total	**4,331**	**5,746**	**742**	**176**	**0**

24. Within recruitment there is one passport that failed a scan and action is being taken to authenticate the document. The potential member of staff was advised that the passport did not pass the scan and would need to provide further documentation. The individual is not yet on payroll, and the recruiting manager has confirmed that the individual will not start work unless we receive positive results from the document checks.

25. No false documents have been confirmed by this system so far in 2016-17, and it is believed that the use of the scanners provides a clear and strong deterrence.

Transparency

26. In February 2015, the Local Government Transparency Code was revised and published. This now includes a requirement to publish the following information about counter fraud work annually. The table below shows the information required.

	2016-17	2015-16	2014-15
Number of occasions used Prevention of Social Housing Fraud powers	25	38	40
Number of FTE investigators/prosecutors	12	13	23
Number of FTE accredited counter fraud officers	10	12	12
Total spend	£570,303	£617,915	£873,000
Total number of cases investigated	509	491	1,751

Policy implications

27. This report is not considered to have direct policy implications.

Community impact statement

28. This report is not considered to have direct impact on local people and communities.

Resource implications

29. The costs of the internal audit contract and the anti-fraud service are met from existing budgets.

Consultation

30. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

31. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix A	Internal audit progress report

AUDIT TRAIL

Lead Officer	Jennifer Seeley, Director of Finance		
Report Author	Jennifer Seeley, Director of Finance		
Version	Final		
Dated	25 April 2017		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title		**Comments sought**	**Comments included**
Strategic Director of Finance and Governance		No	No
Director of Law and Democracy		No	No
Cabinet Member		No	No
Date final report sent to Constitutional Team			25 April 2017

LONDON BOROUGH OF SOUTHWARK

INTERNAL AUDIT PROGRESS REPORT

Audit, Governance and Standards Committee

9 May 2017

BDO

CONTENTS

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1. PROGRESS AGAINST INTERNAL AUDIT PLAN

Purpose of the report

This report informs Southwark Council's audit, governance and standards committee of progress made by BDO for work undertaken against the 2016-17 and 2017-18 internal audit plans, as approved previously by the committee. It summarises the work we have done, together with our assessment of the systems reviewed and the recommendations we have raised. Our work complies with Public Sector Internal Audit Standards.

Internal audit approach and methodology

As part of our audit approach, we have agreed terms of reference for each piece of work with management, identifying the headline and sub-risks which have been covered as part of the assignment. This approach is designed to enable us to give assurance on the risk management and internal control processes in place to mitigate the risks identified.

Our methodology is based on four assurance levels in respect of our overall conclusions as to the design and operational effectiveness of controls within the system reviewed - substantial, moderate, limited or no assurance. The four assurance levels are designed to ensure that the opinion given does not gravitate to a "satisfactory" or middle band grading. Under any system we are required to make a judgement when making our overall assessment. The definitions for our assurance levels are set out in the appendix to this report.

Internal audit plan 2016-17

We have completed the audits assigned to BDO for 2016-17, meeting the overarching key performance indicator to issue all draft reports by 31 March 2017.

All audit reports are currently in draft report stage awaiting management responses and will be included in the progress report presented to the committee at its meeting on 10 July 2017.

Deferred audits

The following audits have been deferred to 2017-18 due to changes to council's management arrangements, new procedures and IT systems:

- Housing adaptations – April 2017
- Estates parking permits – June 2017
- Temporary accommodation – August 2017

Other work

We carried out an audit of the council's claim for funding for the Troubled Families Programme for the period 7 November 2016 to 31 January 2017. The internal audit is of the claims prior to submission and is a requirement set by the Department of Communities and Local Government. We concluded that eight out of ten claims proposed by Southwark Council for the claim period met the eligibility criteria set out in Southwark Council's Troubled Families Matter Outcomes Plan. Further audits in this area will be undertaken during 2017-18.

Annual report 2016-17

The results of the entire internal audit plan for 2016-17 will be presented to the committee at its meeting on 10 July 2017 by the council's chief audit executive. As in previous years this will include an overall assurance opinion for the year with regard to governance, risk management and internal control.

Follow up

The routine follow up of all high and medium priority internal audit recommendations continues, details are provided in section 3.

Internal audit plan 2017-18

The internal audit plan for 2017-18 has commenced, terms of reference issued for the first set of audits and fieldwork underway.

2. INTERNAL AUDIT PLAN 2016-17 – PLAN vs. PROGRESS[1]

| Audit | Director / audit sponsor | Days | Timelines | | | | | Survey results[3] | Assurance opinion[2] | |
			Start	End	Draft	Final	Expected Committee		Design	Operational effectiveness
Creditor payments	director of exchequer	20	3/1/2017	9/2/2017	16/2/2017		July 2017			
South dock marina	director of leisure	20	24/1/2017	3/3/2017	13/3/2017		July 2017			
Licencing and environmental protection	director of environment	15	5/1/2017	20/3/2017	24/3/2017		July 2017			
Emergency planning and resilience	head of chief executive's office	10	6/3/2017	22/3/2017	29/3/2017		July 2017			
Digital strategy	director of modernise	10	6/3/2017	22/3/2017	30/3/2017		July 2017			
Mosaic payments	directors of adult social care, children's social care and exchequer	25	3/1/2017	16/3/2017	30/3/2017		July 2017			
Payroll and expenses	directors of exchequer services and modernise	25	1/2/2017	28/3/2017	30/3/2017		July 2017			
Southwark building services	director of environment	25	13/2/2017	21/3/2017	30/3/2017		July 2017			
Personalised budgets and direct payments	directors of adult social care and children's social care	25	6/2/2017	29/3/2017	30/3/2017		July 2017			

| Audit | Director / audit sponsor | Days | Timelines | | | | | Survey results[3] | Assurance opinion[2] | |
			Start	End	Draft	Final	Expected Committee		Design	Operational effectiveness
Commissioning of services	directors of adult social care and children's social care	25	6/2/2017	22/3/2017	30/3/2017		July 2017			
Regeneration programmes and projects	director of regeneration	20	9/1/2017	24/3/2017	31/3/2017		July 2017			

Schools internal audit plan 2016-17

In addition to the plan above, we have completed the internal audit plan for schools on behalf of the director of education. A total of ten school audits were assigned to BDO, nine full audits and one follow up. Seven reports have been finalised and three are currently in draft awaiting responses.

Notes
1. This table includes only those audits assigned to BDO for completion in 2016-17
2. The assurance opinion will be included when reports have been finalised.
3. BDO is to agree a new client survey with the chief audit executive, which will be issued when each report is finalised. The results will be included in future internal audit progress reports.

3. INTERNAL AUDIT PLAN 2017-18 – PLAN vs. PROGRESS[1]

| Audit | Director / audit sponsor | Days | Timelines | | | | | Survey results[3] | Assurance opinion[2] | |
			Start	End	Draft	Final	Expected Committee		Design	Operational effectiveness
Housing adaptations	director of asset management	10	3/4/2017				July 2017			
Home ownership charges to leaseholders	Directors of exchequer and asset management	15	3/4/2017				July 2017			
IT network security	director of modernise	25	6/4/2017				July 2017			
Procurement	corporate governance panel	25	6/4/2017				July 2017			
Corporate health and safety	director of modernise	20	11/4/2017				July 2017			
Corporate energy	head of service development	15	24/4/2017				July 2017			
Regulatory services	director of environment	15	2/5/2017				November 2017			
Special educational needs	director of education	15	8/5/2017				November 2017			
Register of interests	director of law and democracy	15	15/5/2017				November 2017			
Estates parking permits	director of customer experience	10	5/6/2017				November 2017			

Changes to the internal audit plan 2017-18

The council's corporate governance panel has requested an internal audit of information governance, with the overarching purpose of providing assurance that the council has taken appropriate steps to safeguard data and address the concerns raised previously by the information commissioner. This time for this work will be met from the contingency days within the 2017-18 plan, scheduled for quarter one and reported to the November meeting of the committee.

Schools internal audit plan 2017-18

In addition to the audits above, we have programmed in the internal audit plan for schools on behalf of the director of education, to take place during term times between May 2017 and March 2018.

Notes
1. This table includes only those audits where work has commenced at the time of writing
2. The assurance opinion will be included when reports have been finalised
3. BDO is to agree a new client survey with the chief audit executive, which will be issued when each report is finalised. The results will be included in future internal audit progress reports.

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4. SUMMARY OF INTERNAL AUDIT FINDINGS

When audit reports are finalised, a summary of the findings will be included in the progress report. In addition to the information provided at section 2 and 3, a commentary will be provided on the key conclusions, recommendations and agreed management actions for each audit.

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5. SUMMARY OF RECOMMENDATIONS STATUS

The summary provided here relates to 119 high and medium recommendations followed up in the period 1 December 2016 to 21 April 2017. All of these recommendations were raised by the previous internal audit provider.
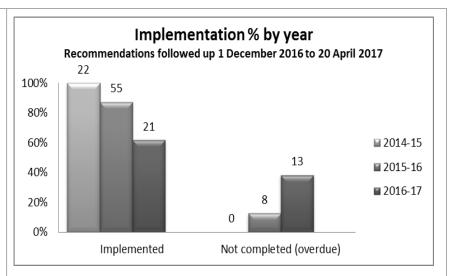
We have confirmed that 92 (82%) of the 119 recommendations followed up have been implemented.

Of the 21 recommendations not completed by the due date, three were high priority and 18 medium priority.

Two of three high priority and six of the 18 medium priority recommendations related to 2015-16.

The details of the recommendations that are overdue (against the action plan agreed by management) are included in section 6 of this report.

In the case of three audits (pages 11 and 13), the implementation dates have changed twice.

Implementation % by year
Recommendations followed up 1 December 2016 to 20 April 2017

Number of recommendations overdue by year
Recommendations followed up 1 December 2016 to 20 April 2017

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6. OVERDUE RECOMMENDATIONS

Audit	Recommendations	Priority	Director	Due Date	Comments
Access to services – council tax	Students should be re-assessed on an annual basis to ensure they're still eligible for council tax exemption status.	Medium	director of exchequer services	~~January 2017~~ September 2017	Management advised that the reason for the delay is due to the need to undertake reviews of all current student discounts granted, and at the time of the follow up audit, this review had only been completed for all claims prior to 31 March 2015. Management have agreed a revised implementation date of September 2017. The next follow up will be carried out as part of the council tax health check audit scheduled for quarter 3 in 2017-18.
Council tax	At the time that the write-offs approval report is prepared, a check should be undertaken to confirm that evidence of authorisation has been retained for all of the write-offs included; and any missing documentation obtained and saved.	Medium	director of exchequer services	~~December 2016~~ March 2017	Audit sample testing identified that not all write off and manual adjustment had been set as 'settled' on Northgate. The notes section of Northgate did not always have sufficient information to support the reasons for the write-off and for bulk write offs there was not always a generic pro forma on the file. The revised implementation date is in March 2017 after the billing period. The follow up will be carried out during quarter 3 as part of the planned 2017-18 council tax health check audit.
	All write-offs should be set to 'settled' on Northgate once the write-off has been processed. A periodic check should be introduced to confirm that this has been completed.	Medium			
Housing rents	Funds to be transferred from the suspense account should be reviewed by a second person prior to the transfer.	Medium	director of exchequer services	~~March 2017~~ April 2017	Management have agreed a revised implementation date of April 2017. The next follow up will be carried out as part of the housing rents audit scheduled for quarter 3 in 2017-18.
	A review of current access levels within the housing rents team should be undertaken. The council should ensure members of staff are removed from authorisation once the individual leaves	Medium			

Audit	Recommendations	Priority	Director	Due Date	Comments
	the council.				
Income management – pest control	The daily run sheets should be updated to allow for recording of the balance outstanding, the balance collected, the method of payment, and any additional services provided.	Medium	director of environment	~~May 2016~~ ~~November 2016~~ June 2017	This was the second follow up audit. To allow the new arrangements to become fully operational, the next follow up will be in July 2017.
	A checklist should be created that outlines acceptable supporting evidence for the eligibility of a discount. This checklist should be completed and signed by the pest control technicians after the production of supporting evidence. Advice should be sought from the Head of Financial and Information Governance as necessary.	Medium			
	The overall control framework for cash collection and banking from pest control services should be reviewed. This review should include the introduction of regular monitoring and reconciliations for the key stages of pest control income collection.	High			
Payments to foster carers	The head of permanence should conduct a review of foster carers who are in receipt of enhancements to the standard allowances to confirm that these remain appropriate.	Medium	director of children's social care	~~June 2016~~ ~~February 2017~~ April 2017	We were advised that these recommendations are on-going. Management has agreed a revised implementation date of April 2017.
	The head of permanence should conduct a review of foster carers who are in receipt of enhancements to the standard allowances to confirm that these remain appropriate.	Medium			
	The head of service should analyse all conversions and identify those	Medium			

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Audit	Recommendations	Priority	Director	Due Date	Comments
	agreements for which no evidence of approval by management is in place to extend the fostering allowance rate over the two year period. Upon identification of these, the head of service should make a decision as to whether these should be amended to the NFN rate, or whether they should continue at their current rate. If a decision is made to continue with the present rate, sign-off should be evidenced on file confirming the rationale and termination date.				
Planning applications	A planning performance agreement should be retained for all cases, signed and dated prior to the work.	Medium	director of planning	~~October 2016~~ April 2017	We were advised by the planning projects manager and the director of planning that the department have had a delay in implementing the recommendations due to a piece of software (EXACOM) not being delivered by the IT provider in the original timescale agreed. It had been expected to be installed in October 2016 and fully operational by December 2016. However this was delayed until the beginning of March 2017. If the implementation of the software is further delayed, management has advised that an interim system of monitoring will be established by the end of April 2017. The date of next follow up is planned for June 2017.
	Management should introduce a check to confirm that a pre-planning application has been completed and fees agreed and received for all work prior to resources being assigned.	Medium			
	A procedure should be developed to enable an effective check that will confirm that the correct fee has been received prior to the commencement of the schedule of meetings.	Medium			
	A clear process should be implemented which evidences decisions made and resources assigned.	Medium			
	Budget monitoring information should be prepared on a monthly basis and retained. Any variances should be clearly annotated outlining any contributing factors and an action plan	Medium			
Sales and acquisitions	Signature check forms should be completed and uploaded to info@work on	Medium	director of customer	~~November 2016~~	Audit testing identified that the Section 125 checklist had not been scanned and saved

Audit	Recommendations	Priority	Director	Due Date	Comments
– right to buy	the day of completion to ensure records are complete. The RTB manager should confirm that all checks are in place before the application is processed further. A note to this effect should be recorded.		experience	June 2017	onto information@work (management had informed the team to do so after the audit). Our testing also identified that the officer who reviewed the S125 checklist could be the same person who carried out the discount calculation for right to buy. Therefore there was a lack of segregation of duties in this key control. Management has agreed revised implementation dates of June 2017.
	As an interim control prior to the new database being introduced, set periodic spot checks should be undertaken to ensure data recorded in the 'Dave' monitoring spreadsheet reconciles to underlying data within iWorld. The RTB team should also issue weekly reminders of RTB2 due to the assigned officers to ensure compliance with timeframes, and not just report on overdue cases.	Medium			
	Calculation spreadsheet to be created and used by all RTB staff creating or checking discount calculations. A printout of the calculation will be saved to I@W	High			
Special guardianship orders	A fundamental review of the SGO procedures, control framework and flow of information should be carried out. This needs to include the three teams involved in the SGO process to discuss ways in which cross team processes and communications can be enhanced to ensure that work is not duplicated and that sufficient and relevant information is being gathered and passed on efficiently. This should include a discussion on standardising the type of documents needed and apportioning responsibility for collecting each type, as well as	High	director of children's social care	~~June 2016~~ ~~November 2016~~ May 2017	This was the second follow up audit. We confirmed that one medium recommendation relating to the development of a process flowchart for special guardianship orders and the specification of documentation needed had been implemented. The new procedures can be fully implemented in April 2017 when the new special guardianship orders (SGO) team is established, alongside a review panel for one off payments at the beginning of financial year 2017-18. To allow the new arrangements to become

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Audit	Recommendations	Priority	Director	Due Date	Comments
	setting out clear guidance for the regular review of the continuing validity of SGO payments being made. The outcomes of this meeting should feed into the review and updating of the Kinship document and the preparation of any new formal documentation prepared.				fully operational, the next follow up will be June 2017.
	The exact amount and procedure to use whilst allowing one-off payments for settling in should be discussed and decided upon during the review in 1.	Medium			

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7. KEY PERFORMANCE INDICATORS

Description	Target	Actual and comment	RAG Rating
% of audits from the plan reported to the planned meeting of the audit, governance and standards committee	100%	To be reported as part of the progress report in July 2017, it is anticipated that all reports relating to 2016017 are incuded plus those identified in section 3.	-
% of high and medium rated recommendations implemented by the agreed management implementation date	75%	82% - as reported in section 5 of this report.	Green
% of recommendations in draft report accepted by audit sponsor / owner	90%	To be reported as part of the progress report in July 2017, as we are currently awaiting management responses to the reports issued by BDO relating to 2016-17.	-
% of draft reports issued within 10 working days of the audit closure meeting	90%	100% - as reported in section 2 of this report	Green
% of audits from the plan completed to draft report stage by 31 March	100%	100% - all audits assigned to BDO relating to 2016-17 (where not deferred by management) were completed to draft report stage by 31 March 2017.	Green
% of returned audit satisfaction survey forms achieving a score of 4 or 5 out of 5	75%	To be reported as part of the progress report in July 2017 - BDO is to agree a new client survey with the chief audit executive, which will be issued when each report is finalised.	-
Annual chief officer and audit, governance and standards satisfaction survey results	Average of 75% and above	The first survey will be undertaken at the end of 2017-18.	-

APPENDIX – ASSURANCE DEFINITIONS

LEVEL OF ASSURANCE	DESIGN of internal control framework		OPERATIONAL EFFECTIVENESS	
	Findings from review	Design Opinion	Findings from review	Effectiveness Opinion
Substantial	Appropriate procedures and controls in place to mitigate the key risks.	There is a sound system of internal control designed to achieve system objectives.	No, or only minor, exceptions found in testing of the procedures and controls.	The controls that are in place are being consistently applied.
Moderate	In the main there are appropriate procedures and controls in place to mitigate the key risks reviewed albeit with some that are not fully effective.	Generally a sound system of internal control designed to achieve system objectives with some exceptions.	A small number of exceptions found in testing of the procedures and controls.	Evidence of non compliance with some controls, that may put some of the system objectives at risk.
Limited	A number of significant gaps identified in the procedures and controls in key areas. Where practical, efforts should be made to address in-year.	System of internal controls is weakened with system objectives at risk of not being achieved.	A number of reoccurring exceptions found in testing of the procedures and controls. Where practical, efforts should be made to address in-year.	Non-compliance with key procedures and controls places the system objectives at risk.
No	For all risk areas there are significant gaps in the procedures and controls. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Poor system of internal control.	Due to absence of effective controls and procedures, no reliance can be placed on their operation. Failure to address in-year affects the quality of the organisation's overall internal control framework.	Non compliance and/or compliance with inadequate controls.

Recommendation Significance	
High	A weakness where there is substantial risk of loss, fraud, impropriety, poor value for money, or failure to achieve organisational objectives. Such risk could lead to an adverse impact on the business. Remedial action must be taken urgently.
Medium	A weakness in control which, although not fundamental, relates to shortcomings which expose individual business systems to a less immediate level of threatening risk or poor value for money. Such a risk could impact on operational objectives and should be of concern to senior management and requires prompt specific action.
Low	Areas that individually have no significant impact, but where management would benefit from improved controls and/or have the opportunity to achieve greater effectiveness and/or efficiency.

Item No. 8.	Classification: Open	Date: 9 May 2017	Meeting Name: Audit, governance and standards committee
Report title:		Grant Thornton planned audit fee for 2017-18	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATION

1. That the audit, governance and standards committee note Grant Thornton's fees for the audit of the council and the pension fund.

BACKGROUND INFORMATION

2. The purpose of the report is to inform the committee of the fees to be charged for audit work, as shown in Appendix A.

Policy implications

3. This report is not considered to have direct policy implications.

Community impact statement

4. This report is not considered to have direct impact on local people and communities.

Resource implications

5. The fees will be met from existing budget provision. The fees have been set at the same level as the scale fees applicable for 2016-17. The council's scale fee for 2017-18 has been set at £237,296.

Consultation

6. Consultation has not been undertaken.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS
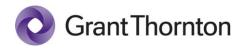
7. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix A	Grant Thornton planned audit fee letter for 2017-18, dated 21 April 2017

AUDIT TRAIL

Lead Officer	Jennifer Seeley, Director of Finance
Report Author	Jennifer Seeley, Director of Finance
Version	Final
Dated	24 April 2017
Key Decision?	No

CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	**Comments sought**	**Comments included**
Strategic Director of Finance and Governance	No	N/A
Director of Law and Democracy	No	N/A
Cabinet Member	No	No
Date final report sent to Constitutional Team		24 April 2017

Grant Thornton

Eleanor Kelly
Chief Executive
Southwark Council
160 Tooley Street
London
SE1 2QH

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London NW1 2EP

T +44 (0)20 7383 5100

www.grant-thornton.co.uk

21 April 2017

Dear Eleanor

Planned audit fee for 2017/18

The Local Audit and Accountability Act 2014 provides the framework for local public audit. Under these provisions the Secretary of State for Communities and Local Government delegated some statutory functions from the Audit Commission Act 1998 to Public Sector Audit Appointments Limited (PSAA) on a transitional basis.

PSAA will oversee the Audit Commission's audit contracts for local government bodies until they end in 2018, following the announcement by the Department for Communities and Local Government (DCLG) that it will extend transitional arrangements until 2017/18. PSAA's responsibilities include setting fees, appointing auditors and monitoring the quality of auditors' work. Further information on PSAA and its responsibilities are available on the PSAA website.

From 2018/19 PSAA has been specified by the Secretary of State as an appointing person for principal local government and police bodies, and will make auditor appointments and set fees for bodies that have opted into the national auditor appointment scheme it is developing.

Scale fee

PSAA prescribes that 'scale fees are based on the expectation that audited bodies are able to provide the auditor with complete and materially accurate financial statements, with supporting working papers, within agreed timescales'.

There are no changes to the overall work programme for local government audited bodies for 2017/18, following the recent CIPFA/LASAAC announcement that their planned introduction of the Highways Network Asset Code into the financial reporting requirements for local authorities in 2017/18 will no longer proceed. PSAA have therefore set the 2017/18 scale audit fees at the same level as the scale fees applicable for 2016/17. The Council's scale fee for 2017/18 has been set by PSAA at £237,296.

The audit planning process for 2017/18, including the risk assessment, will continue as the year progresses and fees will be reviewed and updated as necessary as our work progresses.

Scope of the audit fee

Under the provisions of the Local Audit and Accountability Act 2014, the National Audit Office (NAO) is responsible for publishing the statutory Code of Audit Practice and guidance for auditors from April 2015. Audits of the accounts for 2017/18 will be undertaken

under this Code, on the basis of the [201718 work-programme and scales of fees](#) set out on the PSAA website. Further information on the NAO Code and guidance is available on the [NAO website.](#)

The scale fee covers:
- our audit of your financial statements;
- our work to reach a conclusion on the economy, efficiency and effectiveness in your use of resources (the value for money conclusion); and
- our work on your whole of government accounts return (if applicable).

PSAA will agree fees for considering objections from the point at which auditors accept an objection as valid, or any special investigations, as a variation to the scale fee.

Value for Money conclusion

The Code requires us to consider whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

The NAO issued its guidance for auditors on value for money work in November 2016. The guidance states that for local government bodies, auditors are required to give a conclusion on whether the Council has put proper arrangements in place.

The NAO guidance identifies one single criterion for auditors to evaluate:
In all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

Certification of grant claims and returns

At the request of the Department for Work and Pensions, auditors appointed by PSAA will continue to certify local authority claims for housing benefit subsidy for 2017/18.
The Council's indicative fee for this certification work has yet to be set by PSAA. We will write to you to confirm the fee when this has been confirmed.

Assurance engagements for other schemes will be subject to separate arrangements and fees agreed between the grant-paying body, the Council and ourselves.

Pension Fund audit

PSAA has also established a scale of fees for pension fund audits. The scale fee for the audit of the pension fund is £21,000 in line with 2016/17. Our work on the pension fund will be undertaken by our specialist pension fund audit team, led by Grant Patterson.

Billing schedule

Fees will be billed as follows:

Main Audit fee	£
September 2016	59,324
December 2016	59,324
March 2017	59,324

June 2017	59,324
Total	**237,296**

Grant Certification	
March 2018	TBC

Pension Fund audit	
March 2017	21,000

Outline audit timetable

We will undertake our audit planning and interim audit procedures in November 2017. Upon completion of this phase of our work we will issue a detailed audit plan setting out our findings and details of our audit approach. Our final accounts audit and work on the VfM conclusion will be completed in July 2017and work on the whole of government accounts return in July 2017.

Phase of work	Timing	Outputs	Comments
Audit planning and interim audit	November 2017-February 2018	Audit plan	The plan summarises the findings of our audit planning and our approach to the audit of the Council's accounts and VfM.
Final accounts audit	July 2018	Audit Findings (Report to those charged with governance)	This report sets out the findings of our accounts audit and VfM work for the consideration of those charged with governance.
VfM conclusion	January to July 2018	Audit Findings (Report to those charged with governance)	As above
Whole of government accounts	July 2018	Opinion on the WGA return	This work will be completed alongside the accounts audit.
Annual audit letter	July 2018	Annual audit letter to the Council	The letter will summarise the findings of all aspects of our work.
Grant certification	August to October 2018	Grant certification report	A report summarising the findings of our housing benefit certification work

Our team

The key members of the audit team for 2017/18 are:

	Name	Phone Number	E-mail
Engagement Lead (Council)	Paul Dossett	██████████	████████████████
Engagement Lead (Pensions)	Elizabeth Jackson	█████████	██████████████████████
Engagement Manager	James Thirgood	█████████	████████████████████
Pensions Audit Manager	Richard Lawson	█████████	██████████████████
In Charge Auditor	Stacy Lang	█████████	██████████████

Additional work

The scale fee excludes any work requested by the Council that we may agree to undertake outside of our Code audit. Each additional piece of work will be separately agreed and a detailed project specification and fee agreed with the Council.

Quality assurance

We are committed to providing you with a high quality service. If you are in any way dissatisfied, or would like to discuss how we can improve our service, please contact me in the first instance. Alternatively you may wish to contact Sarah Howard, our Head of Public Sector Assurance ████████████████████.

Yours sincerely

████████████████

Engagement Lead

For Grant Thornton UK LLP

Agenda Item 10

Item No. 10.	Classification: Open	Date: 9 May 2017	Meeting Name: Audit, governance and standards committee
Report title:		Revised work programme for 2017-18	
Ward(s) or groups affected:		All	
From:		Strategic Director of Finance and Governance	

RECOMMENDATIONS

1. That the audit, governance and standards committee consider the proposed revised work programme for 2017-18, including scheduling of governance topics for the year and also whether they would wish to make any other amendments.

2. That the audit, governance and standards committee, subject to any requested changes, agree the work programme set out in Appendix 1 for 2017-18.

BACKGROUND INFORMATION

3. At their meeting on 27 February 2017, the committee considered and agreed a work programme for 2017-18 and requested that various changes be made to the plan, details of which are set out below.

KEY ISSUES FOR CONSIDERATION

4. Members agreed that they would continue to examine particular governance issues by identifying a number of areas for consideration at future meetings.

5. The committee indicated that they would be minded to invite representatives from the IT improvement and shared services boards to a future meeting of the committee, and expressed an interest in hearing from children's and adults' services (particularly in relation to learning disability and transitional arrangements) in the future. Members also suggested that IT, modernisation and human resources should continue to be monitored throughout the year and therefore also included in the governance work of the committee for 2017-18.

6. The work programme has been updated to take account of these requests, and the committee is asked to indicate at which meetings they would like to consider each governance topic.

7. A new standing item, budget challenge and governance, has been added to the committee's work plan; members will receive updates from officers throughout the year on the preparation of the council's budget for 2018-19.

8. In the interest of efficient use of resources, including officer and councillor time, it was agreed at the February meeting that the appointment of non-voting co-opted members of the civic awards sub-committee for 2017-18 would be undertaken by the committee; the work plan has been amended accordingly.

9. Following the departure of the Head of Anti-Fraud and Internal Audit (who was the council's designated Chief Audit Executive), the Director of Finance assumed responsibility for these functions on 20 March 2017; the work plan has been updated to reflect this change.

10. As in previous years, there remains a need to ensure flexibility in terms of emerging issues which come to light through items already on the committee's agenda. For example, reviews of audit recommendations and progress on their implementation may highlight a need to request the attendance of individuals at a future meeting to help explain action taken. The draft programme therefore still includes a standing item relating to review of the committee's work plan. There may also be a need to review the work programme to take account of any changes which may be agreed to the council's constitution during the year.

11. Training will continue to be provided for members on the role of the committee, and development needs will continue to be monitored to enable appropriate training to be provided as opportunities arise.

12. The committee is asked to consider whether the attached revised work programme reflects its priorities for the next year or whether there are other amendments which it would wish to see included.

Policy implications

13. This report is not considered to have direct policy implications.

Community impact statement

14. The decision to agree a work programme for next year is considered not to have a significant impact on any particular community or group.

Resource implications

15. There are no direct resource implications in this report.

Consultation

16. There has been no consultation on this report.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

17. None required.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
None.		

APPENDICES

No.	Title
Appendix 1	Revised work programme 2017-18
Appendix 2	Extract from the constitution – Part 3K: Audit and governance committee

AUDIT TRAIL

Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance
Report Author	Victoria Foreman, Constitutional Officer
Version	Final
Dated	26 April 2017
Key Decision?	No
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER	

Officer Title	Comments sought	Comments included
Director of Law and Democracy	No	No
Strategic Director of Finance and Governance	N/A	N/A
Cabinet Member	**No**	**No**
Date final report sent to Constitutional Team		26 April 2017

Draft Work Programme for 2017-18

Items shown in brackets (✓) are standing items which will be brought forward as they arise

Item		Meeting date						Commentary
		May 2017	July 2017	September 2017	November 2017	February 2018	June 2018	
	General							
Annual work programme for following year						✓		Draft work programme for the committee – Constitutional Officer
In-year review of work programme		(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to pick up emerging issues
Annual report of audit, governance and standards committee						✓		Report on committee's work and performance to be submitted to all councillors each year – Constitutional Officer
	Internal Audit activity							
Internal audit charter			✓					To review and approve changes, if needed, to the internal audit charter – Director of Finance
Internal audit plan and strategy for internal audit						✓		Proposed internal audit programme for future years – Director of Finance
Annual report and opinion on internal audit and fraud			✓					Including review of effectiveness of system of internal audit and Director of Finance's opinion on system of internal control and report on internal audit contractor and Director of Finance (chief audit executive) performance – Director of Finance

Item		May 2017	July 2017	September 2017	November 2017	February 2018	June 2018	Commentary
				Meeting date				**Commentary**
Progress report on the work of internal audit and anti-fraud		✓	✓		✓	✓	✓	Issues raised and progress on implementation of recommendations, including approval of any significant additional advisory services – Director of Finance
Chief audit executive information		(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Report on appointment, departure, resignation or change in chief audit executive – Director of Finance
	External Audit activity							
Audit fee letters (including pension fund)		17-18 letters deferred from Feb 2017 to May 2017	✓			✓		Annual fee letters setting out indicative fees and planned work/outputs for 2017-18 in July 2017 and for 2018-19 in February 2018 for the council and pension fund – Grant Thornton
Audit plans (including pension fund)		✓ Considered early at Feb 2017 meeting					✓	Audit plans setting out audit work to be undertaken for audit of financial statements 2017-18 for the council and pension fund, including approval of any significant additional advisory services – Grant Thornton
Annual Audit letter (Grant Thornton)					✓			Annual audit letter (AAL) providing a summary of Grant Thornton's assessment of the council for 2016-17, drawing from audit of financial statements and work undertaken to assess VfM – Grant Thornton

Item	Meeting date						Commentary
	May 2017	July 2017	September 2017	November 2017	February 2018	June 2018	
Audit findings reports (ISA 260) – including pension fund)			✓				Annual governance report (AGR) summarising findings from 2016-17 audit of financial statements and work to assess VfM arrangements – Grant Thornton
Informing the audit risk assessment for the council (including pension fund)	✓					✓	Item on oversight of management's processes in relation to risks of fraud/error, compliance with relevant laws and regulations and gong concern – Grant Thornton
Certification of claims and returns annual report					✓		Annual report summarising findings from the certification of 2016-17 grant claims – Grant Thornton
Audit update report	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – Grant Thornton update on work being planned or undertaken – Grant Thornton
Governance and standards activity							
Annual governance statement		✓	✓				Annual governance statement (AGS) is a mandatory statement setting out the council's governance arrangements – Head of Financial and Information Governance
Retrospective approvals to contract decisions	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – contract standing orders require retrospective contract decisions over £100k to be reported for the purpose of obtaining guidance to inform future decision making – Director of Finance

Item	Meeting date						Commentary
	May 2017	July 2017	September 2017	November 2017	February 2018	June 2018	
Risk management and insurance		✓		✓			Annual report on risk management and insurance in July; report on key risks in November – Corporate Risk and Insurance Manager
Progress report on implementation of external audit recommendations	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – progress made in implementing external audit recommendations (Including audit findings) – Director of Finance
Outcomes of the whistleblowing policy				✓			Annual report to consider outcomes of the whistleblowing policy – Director of Law and Democracy
Review of complaints made under Code of Conduct					✓		Annual report on complaints made under Code of Conduct – Head of Corporate Team
Report on operational use of Regulation of Investigatory Powers Act 2000					✓		Annual report on use of powers under RIPA – Head of Corporate Team
Review of member and officer protocol and communications protocol				✓			Annual review of protocols, with recommendations for changes as needed – Head of Corporate Team
Establishment of sub-committees for 2017-18		✓					Report to establish sub-committees in line with committee's role and functions – Principal Constitutional Officer
Appointment of non-voting co-opted members of the civic awards sub-committee for 2017-18					✓		Report to appoint the non-voting co-opted members of the civic awards sub-committee for 2017-18 – Principal Constitutional Officer

Item	Meeting date						Commentary
	May 2017	**July 2017**	**September 2017**	**November 2017**	**February 2018**	**June 2018**	
Member induction and training			✓				Report on member induction and training
Areas of governance for review during year		(✓)	(✓)	(✓)	(✓)		IT project and shared service boards, childrens' and adult's services (particularly learning disability and transitional arrangements), continued monitoring of IT, modernisation and HR
Corporate governance framework	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to include e.g. council policies within remit of audit, governance and standards committee; other areas as identified: pensions governance; code of governance
Budget challenge and governance	(✓)	(✓)	(✓)	(✓)	(✓)	(✓)	Standing item – to monitor budget challenges as required, including processes and governance, throughout the year
Accounts							
Statement of accounts		✓	✓				2016-17 statement of accounts for consideration and approval – Director of Finance
Treasury Management							
Review of the policy and strategy				✓			Review of treasury management policy and strategy – Director of Finance

Extract from the constitution – Part 3K Audit and governance committee

ROLE AND FUNCTIONS

Introduction

The purpose of the audit, governance and standards committee is to provide:

1. Independent assurance of the adequacy of the council's governance arrangements, including its standards regime, the risk management framework and the associated control environment.

2. Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

3. Oversight of the financial reporting process.

4. Scrutiny of the treasury management strategy and policies.

5. A framework to promote and maintain high standards of conduct by councillors, co-opted members and church and parent governor representatives.

Audit activity

6. To approve the internal audit charter

7. To approve the risk based internal audit plan, including resource requirements.

8. To approve any significant proposed advisory services, additional to those included in the audit plan.

9. To receive information on the appointment, departure, resignation or change in chief audit executive.

10. To receive in-year summaries of internal audit and anti-fraud activity and the internal audit annual report and opinion and to consider the level of assurance it can give over the council's corporate governance arrangements.

11. To receive reports dealing with the management and performance of the provider of internal audit services, including the performance of the chief audit executive.

12. To receive reports from internal audit on agreed recommendations not implemented within a reasonable timescale.

13. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.

14. To consider specific reports as agreed with the external auditor.

15. To comment on the scope and depth of external audit work and to ensure it gives value for money.

16. To have oversight over the appointment of the external auditor.

17. To commission work from internal and external audit.

Accounts

18. To review and approve the annual statement of accounts and specifically to consider compliance with appropriate accounting policies and whether there are any concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

19. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Treasury management

20. To review and scrutinise the treasury management strategy and policies.

Governance activity

21. To review any issue referred to it by the chief executive or a strategic director, or any council body.

22. To monitor the effective development and operation of risk management in the council.

23. To monitor the effective development and operation of corporate governance in the council and to agree actions necessary to ensure compliance with best practice.

24. To monitor council policies on 'whistle-blowing', the 'corporate anti-fraud strategy' and the council's complaints processes.

25. To receive reports from the statutory officers under the council's whistle blowing policy.

26. To provide strategic oversight on the use of the powers regulated by the Regulation of Investigatory Powers Act 2000 and to receive in-year reports on operational use.

27. To oversee the production of and agree the council's annual governance statement.

28. To review the council's compliance with its own and other published standards and controls.

29. To receive reports on retrospective contract related decisions as set out in contract standing orders.

30. To receive reports from the monitoring officer on any serious breach of the contract standing orders or procurement guidelines.

Standards activity

31. To advise the council on the adoption or revision of the members' code of conduct, the member and officer protocol and the communication protocol.

32. To monitor the operation of the members' code of conduct, the member and officer protocol and the communication protocol.

33. To monitor and advise on training provided for councillors, co-opted members and church and parent governor representatives.

34. To deal with any standards related complaints referred to it and any report from the monitoring officer on any matter which is referred to him or her.

35. To receive reports from the monitoring officer on unlawful expenditure and probity issues.

36. To consider the withholding of allowances from individual members (including elected members and co-opted members) in whole or in part for non-attendance at meetings, or, for elected members only, for failure to attend required training.

37. To establish the following sub-committees:

   *   to consider complaints of misconduct against elected councillors and co-opted members
   *   to consider civic awards.

Annual report

38. To report annually to all councillors on its work and performance during the year.

MATTERS RESERVED FOR DECISION

Matters reserved for decision by the main committee

39. The matters reserved for decision to the committee are as set out in the role and functions, other than those functions delegated to the relevant sub-committee.

Matters reserved for decision by the conduct sub-committee

40. To consider complaints of misconduct against elected councillors and co-opted members.

Matters reserved for decision by the civic awards sub-committee

41. To grant civic awards.

42. To consider the process by which the decisions with respect to civic awards applications are to be taken and to make recommendations to the standards committee.

43. To appoint non-voting co-opted members.

	MUNICIPAL YEAR 2016/17

COMMITTEE: AUDIT, GOVERNANCE AND STANDARDS COMMITTEE (OPEN AGENDA)
NOTE: Original held in Constitutional Team; all amendments/queries to Victoria Foreman, Constitutional Team on 0207 525 5485 or victoria.foreman@southwark.gov.uk

COPIES

COUNCILLORS

Councillor Paul Fleming (Chair)	1	
Councillor James Barber (Vice Chair)	1	
Councillor Catherine Dale	By email	
Councillor Nick Dolezal	1	
Councillor Renata Hamvas	1	
Councillor Hamish McCallum	1	
Councillor Andy Simmons	1	

RESERVES

Councillor Evelyn Akoto	By email
Councillor Dora Dixon-Fyle MBE	By email
Councillor Karl Eastham	By email
Councillor David Hubber	By email
Councillor Sarah King	By email
Councillor Rosie Shimell	By email
Councillor Cleo Soanes	By email

OTHER COUNCILLORS

Councillor Fiona Colley	By email

LAW AND DEMOCRACY

Norman Coombe	1
Doreen Forrester-Brown	1

COMMUNICATIONS

Louise Neilan	By email

CONSTITUTIONAL TEAM

Vicky Foreman	8

INDEPENDENT PERSONS

Mr William Dee	By email
Mr Charles Wynn-Evans	By email

FINANCE AND GOVERNANCE

Duncan Whitfield	1
Jo Anson	1
Jennifer Seeley	1
Fay Hammond	1

BDO (Internal Auditors) – Greg Rubins   By email

GRANT THORNTON

Paul Dossett	1
Grant Thornton	
5th Floor, Grant Thornton House	
Melton Street	
Euston Square	
London NW1 2EP	

James Thirgood	1
Audit Office	
Ground floor, 160 Tooley Street	
London SE1 2QH	

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List Updated: 18 April 2017